P. W. (1946) Department.

Gr. 69 SERIES.

G.O. No. 300

Dated 29.

[Despatch Abstract.]

Electricity - Mangalore Electric Licence.
Extension of period for option of purchase - Amendment to Clause 12 -
Not approved

Form No. 33a.

THE MANGALORE ELECTRIC SUPPLY CO., LTD.

Managing Agents:
OCTAVIUS STEEL & CO., LTD.

GRAMS: "LAPIZANDO, CALCUTTA."
Phone No. Calcutta 146 (3 Lines)

POST BOX NO. 55.
14, OLD COURT HOUSE STREET.

Calcutta, 20th September 1945

Ref. No. Man/ 5332 /30

OFFICE OF THE CHIEF ELECTRICAL INSPECTOR TO GOVERNMENT.
L.A.
5357.
24 SEP 45

The Secretary to the Government
of Madras,
Public Works (Labour) Department,
Fort St. George,
MADRAS.

Through: The Chief Electrical Inspector,
Government of Madras,
Chepauk,
Madras.

Sir, The Mangalore Electric License, 1930 - Application for an Extension of the Period of the License.

We have the honour to refer to G.O. No.Ms.171 dated 20th January 1944, in which we were informed that the question of extension of the period of this Company's License would be considered after the War, and in view of the cessation of hostilities in all theatres of war we apply herewith for an amendment in this Company's License, whereby the period of twenty years laid down in Clause 12 is extended to a period of thirty years, the amended Clause 12(a) to read as follows:-

> "12. Purchase of undertaking.-(a). The option of purchase given by section 7, sub-section (1), of the Act shall first be exercisable on the expiration of thirty years from the commencement of this license and on the expiration of every subsequent period of ten years during the continuance of this license. The percentage of the value to be determined in accordance with and for the purpose of sub-section (1) of section 7 of the Act of all lands, buildings, works, materials and plants of the licensees therein mentioned to be added under the second proviso of the sub-section to such value on account of compulsory purchase shall be twenty per centum."

This application is submitted for the reason that with

the Company's original license period expiring in less than five years, it is evident that a term of twenty years, in which to allow a reasonable return on the outlay required to introduce the use of electricity in a hitherto undeveloped area and under the adverse conditions which have prevailed, is inadequate.

A small profit was first shown by the Company for the year ended 31st March 1939, but the immediate introduction of the tax on electricity resulted in a serious setback to the Company's progress. The advent of the War, with the consequent increase in expenses and the introduction of restrictions, further militated against the Company's prospects.

The duration of the War for six years, and the restrictions, emergency regulations and increased taxation resulting therefrom have all had adverse effects on the working of the Undertaking. The impossibility of obtaining proper spare parts and expert technical attention during this period has resulted in the deterioration of the condition of the Generating Sets, and it will be necessary soon after conditions improve to get the Engines thoroughly overhauled and to effect any other repairs and maintenance work which have had to be kept in abeyance. This will adversely affect the revenue surplus during the next few years, and the short period of the License will not be sufficient to provide any return to the Shareholders.

Whilst the Company up to the year 1939 pursued a polic of electrical development as far as possible within its control, it has not been able to do so since then. Except for a few essential loads which have been connected to the mains for work during restricted hours, the development of Industrial and Domestic loads has been kept in abeyance. With the relaxation of restrictions on new service connections and on the purchase of materials, coupled with the desire of the Government and the public for industrialisation and electrical development of the country, there is likely to be considerable demand for electric power within the next two years. This cannot be met by the existing Generating Sets in our Power House,

and will necessitate either the extension of the Hydro-electric System to this area or the installation of further Generating Sets in our Power House. To our requests and demand for the extension of the Pykara Hydro-electric System, the Electricity Department, which had originally proposed to take up the work immediately on the cessation of hostilities, has now advised that on account of various difficulties the extension of the supply of hydro-electric energy to Mangalore can only be expected around the year 1950-51. This leaves the only other alternative of installing further Generating Sets in our Power House, which if ordered now could not be expected to be in commission in less than two years, leaving only a period of three years for the present License to expire. As you are fully aware, this would require an increase in the capital of the Company, which in view of the fact that no return has so far been made and is not likely to be made on the initial capital investment, cannot be expected to be forthcoming, with the result that much against the wishes of the Company, the public and the Government, the electrical and industrial development of the area will suffer

Consideration will also have to be given to the fact that a protected water supply scheme for Mangalore has been sanctioned by Government and is likely to commence working in about two years. With the policy followed by the Government, this Scheme would have to be supplied with electrical energy by this Company instead of installing oil engine pumping sets.

Although the War against the Axis Forces has come to a successful termination with victory to the Allies, it cannot reasonably be expected that prewar conditions and rates of plant, materials and labour will return in anything less than a couple of years, with the result that the increased cost of working will continue with diminished revenue.

You are fully aware
rity of whom (in number) are residents of South Kanara District, have todate received no return whatsoever on their investment, and in view of the aforesaid circumstances they

are not likely to receive any return for a few more years. We therefore submit that in view of the exceptional circumstances of the case, and with a view to following the accepted policy of the Government for electrical development, it would be fair and reasonable for an extension of the license period to be granted, in order that those who have financed electrical development may be given an opportunity of obtaining at least some small benefit from their enterprise.

We trust that this application will receive the favourable consideration of the Government, and we will in due course forward three copies of the newspaper in which our application will be advertised as required under Rule 24 of the Indian Electricity Rules.

We have the honour to be,
Sir,
Your most obedient servants,
Octavius Steel & Co.Ltd.

Director,
Managing Agents.

THE MANGALORE ELECTRIC SUPPLY CO., LTD.

Managing Agents:
OCTAVIUS STEEL & CO., LTD.

POST BOX NO. 55.
14, OLD COURT HOUSE STREE

GRAMS: "LAPIZANDO, CALCUTTA."
Phone No. Calcutta 146 (3 Lines)

COPIED

Registered. *Calcutta,* 4th October

Ref. No. Man/5712/30

OFFICE ... ELECTRICAL ... DEPARTMENT.
No. —
13 OCT 1945

The Secretary to the Government
of Madras,
Public Works Department,
Fort St. George,
Madras.

Through: The Chief Electrical Inspector,
Government of Madras,
Chepauk, Madras.

Sir, The Mangalore Electric License, 1930 - Application for an Extension of the Period of the License

Further to our application No.Mah/5332/30 of the 20th ultimo submitted to you through the Chief Electrical Inspector Government of Madras, we have the honour to enclose herewith three copies each of issues of "The Hindu" dated 26th, 27th and 28th September 1945, in which this Company's advertisement regarding the application appears.

We have the honour to be,
Sir,
Your most obedient servants,
Octavius Steel & Co. Ld.

Director,
Managing Agents.

Encls:-
9 copies "Hindu".

Published in the "Hindu"
dy 26th, 27th and 28th Sept '45

THE MANGALORE ELECTRIC LICENCE, 1930

Notice

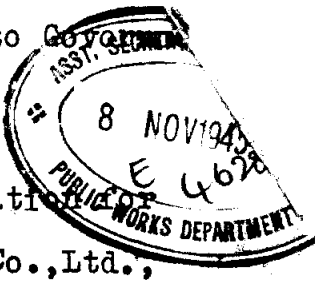
It is notified for public information that the Mangalore Electric Supply Co., Ltd., has applied to the Government of Madras for alteration of the period of twenty years laid down in Paragraph 12 of the Licence granted to it by the Government of Madras to a period of thirty years. Every Local Authority, Company or person desirous of making a representation with reference to this application may do so by letter addressed to the SECRETARY TO GOVERNMENT, Public Works Department, Fort St. George, Madras, within three months of the date of this Notice.

Dated, Calcutta, the 26th September, 1945.

M-3964

J R G E N T.

Office of the
Chief Electrical Inspector to Government,
Chepauk, Madras.



Endorsement No.5111-D/45-2 dated 7-11-45.

Sub: Mangalore Electric Licence - Application for amendment.
Ref: From The Mangalore Electric Supply Co.,Ltd.,
No.Man/5332/30 dated 20-9-45;
No.Man/5712/30 dated 4-10-45.

Forwarded.

2. The draft amendment was published in the three successive issues of the Hindu dated 26th, 27th and 28th September 1945. As the six weeks' time for publication in the Gazette will expire on 7-11-45, the licensees' applications are forwarded. Certain particulars have been called for from the licensees and on their receipt my remarks on the application will be forwarded.

Chief Electrical Inspector
to Government.

The Secretary to Government, Public Works Department, Madras, with 2 letters and enclosures in original.

ls: 2 letters
& encls: in
original.

Copy to the Chief Engineer for Electricity, Chepauk, Madras

Please see from Mr Lamb

receipt of the C.E. 1.9. remarks

the application, the notice on Mr Lamb and

may be republished in the Gazette

local authorities consulted as the

Please see pp 9-10 of X.O.

dd 20-1-44.

Memo No. 4628 E/45-1 dt 4-11-45

Mangalore Electric Licence, 1931

Extension of period

The S.G.P. is requested to have the attached copy of a notice, which appeared in the "Hindu" of the 26th, 27th and 28th Sept. '45 published in Part I of the next issue of the F.S.G. Gazette.

11/45

Memo No. 4628E/45-2 dt 9-11-45.

Sub Cas overhaj

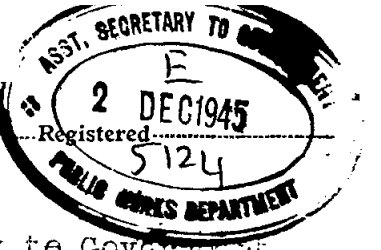
The attention of the Commr:, Mangalore mpty / P. D. B., South Kanara is invited to the notice published in the Hindu of the 26th, 27th and 28th Sept. '45 regarding amendment of the above licence and he is requested to report before the expiry of the period allowed for objections, whether the Mc Bl. / Dt. Bd. has any representations to make in the matter.

9-11-45

To The Commr:, Mangalore mpty thro' CM.C

P. D. B., South Kanara

C.F. 32.



Department

From (Name) Sri.A.Lakshminarayana Rao, B.A.B.L.,

Designation President, District Board,

Station South Kanara, Mangalore.

Received

Registered

To

The Secretary to Government
Public Works Department,
Fort St.George, Madras.

Enclosures: F.Dis. No.22765(R.F.2)45 dated 28-11-1945.

Sir,

Sub: MANGALORE - Electric Licence, 1930 - Extension of period - objected.
Ref: Govt.Memo.No.4628-E-45-2 dated 9-11-45.

With reference to Government Memorandum No. 4628/E/45-2 dated 9-11-1945, I enclose the resolution of this District Board objecting to alteration of the period of twenty years to a period of thirty years.

P.W.D
No reply from Mangalore may be awaited till 5.1.46
28/11/45

MYS/28.11.45

29/11

PRESIDENT,
DISTRICT BOARD, SOUTH KANARA.

xtract from the Proceedings of the Meeting of the Members of t
outh Kanara District Board, dated 27-11-1945.

====

84. Government Memorandum No.4628-B-45-2-P.W.Department, dated 9-11-45, inviting the attention of the President, District Board, South Kanara to the notice published in the Issue of the 26, 27 and 28th September 1945 regarding Amendment to the Mangalore Electric license 1930 and requesting the President to report before the expiry of the period allowed for objection whether the District Board has any representation to make in the matter.

RESOLUTION:

The Board is not in favour of altering the period of 20 years to a period of 30 years. The Board requests the Government to extend energy for Chamarajpet to South Kanara [illegible] early date.

SD:A.Lakshmanarao Rao,
PRESIDENT, DISTRICT BOARD,
SOUTH KANARA.

(TRUE EXTRACT) 4/ Mallareddy 29/11

PRESIDENT,
Dt.Board, South Kanara.

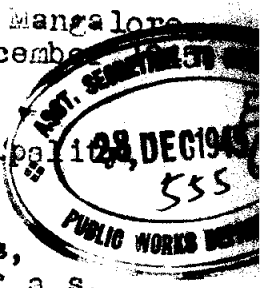
29/11/45

C5/7071/45.

Municipal Office, Mangalore
Dated the 18th Decembe

From

Sri S. Suryanarayana Rao, M.A.,
Commissioner, Mangalore Municipal
Mangalore.



To

The Secretary to the Government of Madras,
Public Works Department, M a d r a s,

Through

The Chairman, Municipal Council, Mangalore.

Sir,

Subject: Mangalore Electric Licence 1930 -- Extension of period - Government Memorandum No. 4628-E/45--2 - dated the November 1945.

****

The council resolved objecting to the extension of the period of the licence contemplated in the notification dated th 26th, 27th and 28th September 1945.

A copy of the council's resolution is submitted herewit

Commissioner

F o r w a r d e d:

Chairman, M.C.

H/19.12.45

Extract from the proceedings of the Mangalore Municipal council, dated the 17th December 1945.

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x x

1. Government Memorandum No.4628-E/45-2 P.W. dated the 7th November 1945 inviting the attention to the notice published in the Hindu of the 26th, 27th and 28th September 1945 regarding the alteration of the period of 20 years laid down in para 12 of the licence granted to the Mangalore Electric supply Co.Ltd to years and requesting to report whether the Municipal council has representation to make in the matter and Municipal Engineer's note thereon.

The council strongly objects to the extension of the period of the licence contemplated in the notification dated the 26th, 27th and 28th September 1945.

x x x

sd/H.Hoosien Saheb
Chairman,M.C.

/True Extract/

Municipal Office, Mangalore,)
Dated the 18th December 1945.)

Commissioner

h/19.12.45. compd:-

T. M (P.C. only) No. 4628 E/45- dy P.W.D -12-45

To

The C.E. I.S.

Mangalore Electric Licence. Application for amendment

Your No. 5111 D/45-2 dy 7-11-

Please say what your remarks on the Licensee's may be expected

P 12-45

29/12.

From

Electricity Department.

To

Sri K.V.Krishnan, M.A.,
Chief Electrical Inspector to Government,
Post Box 417, Chepauk, Madras.

To

The Secretary to Government,
Public Works Department,
Madras.

Through
The Chief Engineer (Electricity),
Chepauk, Madras.

No.5111/D/46-3 dated 10th December 1946.

Sir,

Sub: Mangalore Electric Licence - application for amendment.

Further to my letter No.5111/D/46-2 dated 7-11-46 my remarks on the Licensee's application for amendment of the Mangalore Electric Licence are given below.

2 This Licensee applied for an extension of his licence period in 1943 and was informed in G.O. No.171 dated 20-1-1944 that the question would be considered, if necessary, after the War was over.

3 This licence expires on 6th May 1950 unless an extension is granted as now applied for.

4 Please also see my remarks regarding similar applications by the Salem-Erode Electricity Distribution Co., Ltd., and the Tinnevelly-Tuticorin Electric Supply Co., Ltd.

5 This Licensee has been generating his electricity all along and can expect to close down his Power House only in 1950-51. Whether he will close down his Power House before the licence expires or Government or the Mangalore Municipal Council will take over the Power House and then close down the same it is difficult to say. The existing engines seem to have been installed second hand in 1930. 1934-35 was the first complete year of working. The Machinery account as after nine complete years of working (i.e., 31st March 1944) stood as follows:--

Expenditure to 31-3-44.	Depreciation to 31-3-44.	Net Balance.
Rs.2,85,408.	Rs.1,66,313.	Rs.1,19,095.

6 Similar provision for depreciation during the balance six years and some scrap value will wipe out the Machinery account and hence no loss due to closing down of existing plant is likely to accrue.

7 The Licensee states that "the impossibility of obtaining proper spare parts and expert technical attention during this period (six years of War) has resulted in the deterioration of the condition of the generating sets and it will be necessary soon after conditions improve to get the engines thoroughly overhauled and to effect any other repairs and maintenance work which have had to be left to be done. This will adversely affect

affect the revenue surplus during the next few years. This is likely but it is not expected that the cost of overhaul will be very great seeing that the Directors of the Company in their report to the shareholders dated 25-7-44 have stated "General - The supply of electricity was satisfactorily maintained throughout the year and the plant is in good condition." The repairs and maintenance of plant which for the year ended 31-3-44 was only Rs.3156/- is very low which is impossible with plant in a really bad condition.

8 Regarding rural load development, there has been nothing of it, nor is there any scheme for same on programme and for raising capital for which a longer term of licence is necessary. An extract from the Licensee's letter No. Man.6277/30 dated 1-11-45 is enclosed.

9 Artificial irrigation has been neglected in the West Coast by all Agencies. The Licensee can therefore claim with some justification that there is no scope for same. The record of the Managing Agents elsewhere however does not show that the load would have been developed even if the scope for same was bright.

10 Rural load includes cottage industries. There cannot be a complete dearth of same round about Mangalore. The Licensee has nothing to say about the development of this load.

11 The two main reasons for which Government was granting extension of Licence periods are therefore of negligible importance in the case of this Licensee.

12 The Licensee has put forward the following other reasons for granting an extension of the Licence period

(1) The advent of the War militated against the Company's prospects.

(2) The considerable demand for additional power for new domestic and industrial consumers including the newly sanctioned municipal water works load can only be met by installing new generating plant which requires new capital which will not be forthcoming due to absence of profits so far and hence development will suffer.

(3) The shareholders have so far received no benefit and may not receive any for a few more years. An extension of the Licence period will enable them to get some small benefit at least in due course.

13 Regarding point (1) above, this Licensee was sufficient long in the field before the War intervened. He has not availed of the surcharge on rates permitted to Licensees who have been badly affected by the War. The effect of the War on him could not therefore have been serious. The total of his losses carried forward which grew to Rs.1,79,629 on 31-3-38 and stood at Rs.1,71,325 on 31-3-1939 (i.e., just before the War started) stood at only Rs.72,105 on 31-3-1944. The Licensee has therefore decidedly done better during the War period than before.

14 It is true that the Power House may require expansion to take up the new loads. The statement as made by the Licensee in para five of his letter is not specific that if the licence period is extended, he will put in new plant but he definitely seems to imply that if it is otherwise, he will not be able to put in new plant. This attitude is objectionable. It is always the responsibility of a Licensee (under the Indian Electricity Act and his Licence terms) to be able to take new loads within a reasonable time.

If he is unable to do it or does not want to do it (as implied by this Licensee's statement) he ought to give up his licence. The Act provides for fair compensation for all plant put in and standing at the time of purchase of Licence. If in spite of this equitable provision the Licensee wants to stave that full five years before expiry of the Licence, he will stop development, Government should not, I think, ignore such a statement. The Licensee should realise that such an attitude is more a case for cancellation of Licence now than a further extension of time.

15 The necessary plant expansion may cost about Rs.1,00,000 or Rs.1,50,000, if new plant is put in as implied in the Licensee's letter. The Licensee has cash investments for about Rs.51,000. He has assets (after providing full depreciation) valued at Rs.5,90,000 against which he has already raised debentures for Rs.2,75,000. Since he has been earning profits for the last some years further debenture loan or preference share capital for about Rs.1,00,000 may not be difficult to get. But there is no reason why the Licensee should necessarily go in for new plant. It should not be impossible to get second hand plant for the few years of service. Two Power houses each of about 1,000 K.W. are closing down shortly in Cochin State. There must be many others also from where suitable second hand plant may be obtainable, if the Licensee so cares. The case of Government buying the necessary plant (as was done for the Cannanore Licensee under circumstances of short term working before Pykara supply becomes available) cannot be ruled out either. Alternately the Licensee can ask for a loan from Government for the purposes. I consider it therefore injudicious for the Licensee to have stated that since so far no return was got on the investments, further capital would not be forthcoming and development has to suffer.

16 Regarding the third point of the Licensee's representation, I would state that, partly atleast, the high cost of management of this Licensee has been responsible for the shareholders not getting any dividend so far.

17 While reviewing this Licensee's statutory accounts Government in G.O. No. Ms.1576 (Electricity) dated 7-7-38 remarked as follows:-

> "The Government observe that the establishment charges shown under Generation, Distribution, Management and General Establishment, continue to be still high and that they work out to Rs.4,468 per mensem as against Rs.3,633 for the previous year which itself was commented as a high charge. The Government trust that every effort will be made to reduce these establishment charges in future."

18 The Electrical Inspector to Government in his letter No.15491/37-G-4 dated 8-6-38 remarked "Owing to the heavy establishment and management expenses the undertaking was working at a deficit."

19 Government in P.W.D. G.O. No. Ms.1790 dated 19-8-38 remarked as follows:--

> "General - The Government consider that the General Establishment and Management expenses which work up to 40% of the total revenue receipts are very high. The Licensees are requested to reduce

reduce this high figure considerably."

The Management and Establishment charges for 1943-44 are Rs.50,442 - not much lower than the figures specified above - but rates were increased and the gross revenue has also further increased otherwise. The ratio has come down to 20.3% and the Licensee made a profit of Rs.36,000 during that year. Even then, the cost of management per unit sold works out to 8.5 pies or as much as the entire selling price per unit for power purposes in many towns in South India!

20 This Licensee's rates have been considerably high for domestic lighting and small power and he insisted on adding on the fuel surcharge to even 6 annas domestic lighting tariff in spite of recommendations to the contrary.

21 It should however be said to the credit of this Licensee that in spite of his Generating Power, his supply has been satisfactory right through the War period, unlike that of many other Generating Licensees. It is however doubtful if he will even be reasonably cheap in his methods.

22 The Licensee seems to be nervous about installing new costly plant in a period of falling prices but if considered quite advisable, other ways may be considered, instead of extension of Licence. If any honest attempt is to be made in South Canara by way of rural and agricultural load development, I believe that Government will be the only proper agency to do it. The extension of Licence would also be against the recommendations of the Government of India Policy Committee's recommendations in the matter.

23 I do not recommend the extension of the Licence period.

Chief Electrical Inspector
to Government.

KVK/DSR.11-12-45.
Encl.1.

(Enclosure).

Extract of letter No.Man/8277/30 dated 1-11-45 from the Mangalore Electric Supply Co., Ltd., Managing Agents: Octavius Steel & Co., Ltd., Post Box No.58, Calcutta to the Electrical Inspector, Madras.

The Mangalore Electric License - Application for extension of period.

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x x x

(a) As you are fully aware, the licensed area of this Company lies within a circle of five miles radius, having St. Paul's Church, Mangalore, as the centre. The western portion of the circle lies in the Arabian Sea, while the southern portion is crossed by many rivers. The area for the supply of energy, therefore, consists the town of Mangalore with the outlying hamlets and villages on the northern and eastern sides. The whole area is on the slopes of the Western Ghats, and receives a rainfall of about 150" per annum. The scope for extension of electric supply for agricultural and rural purposes is, therefore, very little.

We would point out that the development of electric supply in Mangalore Town has been very slow,

particularly for Domestic purposes, as compared to other districts in Madras, and this we consider is on account of the low average earnings of the inhabitants. Such being the case for Mangalore Town, the prospect of extension of supply to the villages and hamlets around Mangalore was very poor.

The supply in the area was commenced on 6th July 1933. Of the last ten years, six years have been years of war with attendant restrictions, and as such no programme of development could be undertaken, although the scope for it in the rural area was little.

N. Venkataraman
12.12.45

DSR.11-12-45. Chief Accountant.

for Electricity, Chepauk, Madras.

Endorsement No.6269-G/45-6 dated 27th December 1945.

Sub: Electricity - Mangalore, Tinnevelly - Tuticorin-Palamcottah and Salem-Erode Electric Licences - Extension of period of licence - Amendment to licence.

Ref: 1. From the C.E.I.G. letter No.5111-D/45-3 d/10-12-45.
2. -do- 5366-D/45-4 -do-
3. -do- 5366-D/45-3 -do-
4. -do- 5415-D/45-3 -do-
5. -do- 5415.D/45-4 -do-

Forwarded to the Secretary to Government, Public Works Department, Madras.

2. The detailed reasons given by the Chief Electrical Inspector to Government confirm the recommendations already made in para 2 of my letter No.6269-G/45-5 dated 6-12-45.

3. Referring to paras 8 to 10 of Chief Electrical Inspector to Government's letter No.5415-D/45-4 dated 10-12-45, the question whether the Salem-Erode licence area is to be split up on the expiry of the licence and given to the Salem and Erode Municipal Councils etc., is a very important one. It need not be considered now as there is sufficient time and it can be taken up later.

4. While what the Chief Electrical Inspector to Government has stated about the inadvisability of entertaining applications for extensions of licence period many years ahead is true, inasmuch as Government have decided on the policy to be adopted (G.O.1348 dated 9-7-45) there is no need to keep the licensees

p.t.o.

under reference in suspense especially when, on merits, there is no case for extension. Hence orders refusing extension can be issued

5. The Chief Electrical Inspector to Government has discussed in his letters, the performance of each of these licensees and I endorse practically all the comments he has made. These licensees have been among the most costly in management expenses and their achievement in rural development has been poor. So reluctant were the licensees to do their legitimate duty that the Electricity Department had to step in at places like MacDonald's choultry in the Salem-Erode Licensee's area and cater to the demands there.

6. I have no hesitation in recommending the rejection of these three applications firstly on the basis of the policy already decided on by Government and secondly on the poor performance history of the licensees. Development in the areas of these licensees will without doubt be considerably speeded on reversion to Government management.

To the Secretary to Government, Public Works Department with enclosures.

P.W.D

Similar proposals re: Tennerolly and [illegible] licences have been rcvd. In the case Thinnerolly a reject is to be issued to C.E. 19. main file re: Salem & with P.2. As Three cases are almost interdependent this will sent along with the other two files;

Public Works Dept

P.C. No. 300 dated 29.1.46
Vs

Electricity - Mangalore Electric Licence
Extension of period for option of purch
Amendment to clause 12 - ot

READ ABOVE:
P.C. No.171 P... dated30-1-44.

READ ALSO:
From the Mangalore Electric Supply Co.,-to-
R.P.No.Man/3336/39 dated 20-9-45
From the E.E.B., South Kanara E.Div. ...
No765(R.F.)45 d/20-11-45.
From the Comr., Mangalore Rt/ No.C3/7071/45
dated 15-12-45
From the C.E.I.P. No.3111/D/45-3 dt. 19-12-45
From the C.E.(E) No.6269-F/45-3 dated 27-12-45.

The Mangalore Electric Supply Co., Ltd., the licensees under the Mangalore Electric Licence 1930, have submitted an application for amendment of clause 12 of the licence so that the period for the option of purchase of the undertaking may be extended from twenty to thirty years. The Govt are of opinion that there is no

reason for extending the period. The amendment applied for ~~will not be sanctioned~~ Thereof. It is sanctioned

1.46

27/1/46

27.1.46

To

The Mangalore Electric Supply Co., Ltd., P.B. No.55, Calcutta.

" C.E.I.G.

" C.E(E)

" Commr., Mangalore Mpty thro' C.M.C.

" P.D.B., South Kanara

2nd 24/1/46

Copy for Stock file

Form No. 33a.

THE MANGALORE ELECTRIC SUPPLY CO., LTD.

Managing Agents:
OCTAVIUS STEEL & CO., LTD.

GRAMS: "LAPIZANDO, CALCUTTA."
Phone No. Calcutta 146 (3 Lines)

POST BOX NO. 55.
14, OLD COURT HOUSE STREET.

Calcutta, 7th February 1946

Ref. No. Man/ 808 /30

727151

The Secretary to the Government of Madras,
Public Works Department,
Fort St. George,
Madras.

Sir, Mangalore Electric License - Extension of Period for Option of Purchase.

We have the honour to acknowledge receipt of the Government of Madras Abstract dated 1st February 1946 and listing the Public Works Department G.O. Ms.No.300 dated 29/1/46.

It is noted with regret that the amendment applied for has not been sanctioned by the Government.

We have the honour to be,
Sir,
Your most obedient servants,
Octavius Steel & Co. Ltd.

Director,
Managing Agents.

P. W. D

May be filed with G.O. No. 300 P. W. dy. 29. 1. 46.

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Electricity - Mangalore Electric Licence- Extension of initial period of licence

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From the Mangalore Electric Supply Co.,Ltd., Lr.No.Mar 3/45/30 dated 20-9-45

From the C.E.(E) No.C2E3 3/45-3 dated 27-12-45

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The file relates to the application from the Mangalore Electric Supply Co., Ltd., for the extension of the initial period of the licence granted to it. The Mangalore Electric Licence was granted on 6-5-30. According to clause 12 of the licence, the option of purchase given by Section 7(1) of the I.E. Act shall be first exercisable on the expiration of 20 years from the commencement of the licence and on the expiration of every subsequent period of 10 years. The first option of purchase is therefore exercisable on 6-5-50. The licensee has now submitted an application for an amendment of clause 12 of the licence to extend the initial term of licence from 20 to 30 years. The licensee's application is on pp.1-3 C.F.

2. With reference to rule 44 of the I.E. Rules, the licensee has published in the 'Hindu' a notice of his application to the Govt inviting possible objections from local authorities etc., within three months, i.e., before 26-12-45. The notice was repuolished in the Fort St. George Gazette and the concerned local authorities were consulted on the proposal. The Dt. Bd., South Kanara and the Mangalore municipality have objected to the extension of the initial period of the licence.

3. The main reasons given by the licensee for the proposed extension of the initial period of his licence are that the 20 years period is too short to allow a reasonable return, that the war conditions have adversely affected the company's prospects and that the condition of the generating sets could not be improved due to scarcity of materials and spare parts. In his letter at pp.23-30 C.F. the C.E.I.G. has examined in detail the reasons put forward by the licensee and concludes that in any honest attempt is

to be made in South Kanara by way of rural and agricultural development, the Govt will be the only proper agency to do it. As the extension of licence will also be against the recommendation of the Policy Committee, he does not recommend the licence period. The C.E(E) endorses his remarks.

The question of extension of the initial period of this licence was taken up in 1943 but was deferred for consideration after the war.

In view of the present remarks of the C.E.I.G. and the C.E(E), it is for orders whether the extension applied for may be refused as recommended by them. This licence and those in Mpcases are to be considered at the same time as the Managing Agents are the same / re terms. Cchamma Steel Ltd)

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